

Message Text

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E.O. 11652: N/A

TAGS: BENC, UK, US, IT

SUBJECT: CHLORINE PLANT FOR ALIAGA COMPLEX

1. CATALYTIC INTERNATIONAL, A WHOLLY-OWNED BRITISH SUBSIDIARY OF CATALYTIC OF U.S., HAS JOINT CONTRACT WITH DE NORA OF ITALY TO BUILD SUBJECT PLANT FOR PETROKYM IN TURKEY. PROJECT TO BE FINANCED BY INTERNATIONAL BANKING CONSORTIUM HEADED BY BARING BROTHERS AND CO., LTD., OF LONDON.

2. CATRACT DEADLINE IS AUGUST 1, AND ITALIAN MINISTRY OF FOREIGN TRADE HAS REFUSED CREDIT AUTHORIZATION FOR DE NORA BECAUSE OF DOUBTFUL CREDITWORTHINESS OF TURKS. CATALYTIC AND BARINGS HAVE APPROACHED US AS WELL AS UK EMBASSY IN ROME.

3. FOLLOWING IS PARAPHRASE OF IMMEDIATE TELEGRAM UK COMMERCIAL COUNSELOR HAS JUST SENT HIS COUNTERPART IN ANKARA: BEGIN PARAPHRASE THROUGH A FRIENDLY SENATOR, DE NORA HAS BEEN LOBBYING FIRRAO, DIRECTOR GENERAL CONCERNED IN MINISTRY OF FOREIGN TRADE TO PERSUADE HIM AND HIS MINISTER TO APPROVE NECESSARY CREDIT. PRESENT POSITION IS THAT FIRRAO HAS COME UP WITH A FORMULA THAT WOULD BE ACCEPTABLE TO HIM BUT THAT WOULD REQUIRE TURKS TO COMMIT SPECIFIC FUNDS RECEIVED FROM A NAMED INTERNATIONAL INSTITUTION

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SUCH AS IBRD OR IMF. WE HERE, INCLUDING PETKYM REPRESENTATIVES ARE DOUBTFUL THIS WILL BE ACCEPTABLE. IN CONSIDERING VARIOUS POSSIBILITIES OF LEVERAGE TO OBTAIN GOI APPROVAL OF CREDIT, WE HAVE HAD TO DISMISS ANY INTERVENTION BY AMERICAN OR BRITISH AMBASSADORS EITHER WITH MINISTRY OF FOREIGN TRADE OR WITH MINISTRY OF FOREIGN AFFAIRS. NEVERTHELESS VERY IMPORTANT AMERICAN AND BRITISH INTERESTS ARE INVOLVED. BY FAR THE MOST PROMISING

LEVERAGE SEEMS TO BE FACT THAT THE CHLORINE PLANT TO BE SUPPLIED BY CATALYTIC AND DE NORA IS THE KEY TO THE ENTIRE ALIAGA COMPLEX, AND IF IT IS NOT DELIVERED ON TIME, CASH FLOW FROM THE COMPLEX WILL BE SIGNIFICANTLY REDUCED AND THUS LARGE BRITISH, AMERICAN, AND, MOST IMPORTANT OF ALL, ITALIAN PAYMENTS ARE AT RISK. TWO EXISTING ITALIAN CREDIT CONTRACTS TOTALLING U.S. DOLS 33 MILLION PLUS WILL BE AFFECTED. WE UNDERSTAND THE PETKYM REPRESENTATIVES HAVE TELEXED THEIR DOGAN KABALOK GIVING THIS INFORMATION. UNFORTUNATELY, TURKISH AMBASSADOR HERE IS OUT OF TOWN. KEY SEEMS TO US NOW TO LIE IN ANKARA. GRATEFUL IF YOU WOULD CONSIDER APPROACHING YOUR AMERICAN COLLEAGUE (WHO HAS ALSO BEEN INFORMED BY AMERICAN EMBASSY HERE OF THESE FACTS) WITH A VIEW TO TRYING TO PERSUADE THE TURKS TO MAKE A HIGH-LEVEL APPROACH TO THE ITALIANS EITHER THROUGH THE ITALIAN EMBASSY IN ANKARA OR BY AN INSTRUCTION TO THEIR EMBASSY HERE. BDCAUSE OUR ONLY PRESENT DIRECT CONTACT WITH FIRRAO HAS BEEN THROUGH ITALIAN SENATOR, WE ARE NOT ABLE TO JUDGE TO WHAT EXTENT THE PAPER HE HAD PRODUCED IS NEGOTIABLE, BUT IF THE THREAT OF OTHER PAYMENTS TO ITALY IS SKILLFULLY APPLIED, IT APPEARS TO US THAT THERE MUST BE SOME GIVE IN ITALIAN POSITION. END PARAPHRASE.

4. SINCE CONTRACT CALLS FOR BRITISH AND ITALIAN PRODUCTS AND SERVICES, AMERICAN INTEREST IS NOT ALL THAT GREAT, AND WE HAVE SO INFORMED CATALYTIC REPRESENTATIVE NOW IN ROME. NEVERTHELESS WE ARE SUPPORTING BRITISH EFFORTS AND WILL ACCOMPANY BRITISH COMMERCIAL COUNSELOR TO CALL ON FIRRAO THIS AFTERNOON. SUGGEST LIMITED OFFICIAL USE

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YOU MAY WISH TO GIVE YOUR MORAL SUPPORT TO EFFORTS IN ANKARA WHEN REQUESTED.HOLMES

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